

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 5040
OFFERED BY MR. SHERMAN OF CALIFORNIA**

Insert after subsection (a) of section 107 the following new subsection:

1 (b) ADDITIONAL PROCEDURAL REQUIREMENTS.—

2 (1) IN GENERAL.—The procedure required
3 under subsection (a) shall provide for the assessment
4 of the impact of a proposed export of an item on the
5 United States defense industrial base and the denial
6 of an application for a license or a request for an
7 authorization of any export that would have a sig-
8 nificant negative impact on such defense industrial
9 base, as described in paragraph (3).

10 (2) INFORMATION FROM APPLICANT.—The pro-
11 cedure required under subsection (a) shall also re-
12 quire an applicant for a license to provide the infor-
13 mation necessary to make the assessment provided
14 under paragraph (1), including whether the purpose
15 or effect of the export is to allow for the significant
16 production of items relevant for the defense indus-
17 trial base outside the United States.

1 (3) SIGNIFICANTLY NEGATIVE IMPACT DE-
2 FINED.—A significant negative impact on the United
3 States defense industrial base is the following:

4 (A) A reduction in the availability of an
5 item produced in the United States that is like-
6 ly to be acquired by the Department of Defense
7 or other Federal department or agency for the
8 advancement of the national security of the
9 United States, or for the production of an item
10 in the United States for the Department of De-
11 fense or other agency for the advancement of
12 the national security of the United States.

13 (B) A reduction in the production in the
14 United States of an item that is the result of
15 research and development carried out, or fund-
16 ed by, the Department of Defense or other Fed-
17 eral department or agency to advance the na-
18 tional security of the United States, or a feder-
19 ally funded research and development center.

20 (C) A reduction in the employment of
21 United States persons whose knowledge and
22 skills are necessary for the continued produc-
23 tion in the United States of an item that is
24 likely to be acquired by the Department of De-
25 fense or other Federal department or agency

1 for the advancement of the national security of
2 the United States.

